

COUNTY OF CHESTERFIELD, VIRGINIA

Schedule of Findings and Questioned Costs

Year ended June 30, 2005

(1) Summary of Auditors' Results

- (a) The type of report issued on the financial statements: **unqualified opinion**
- (b) Reportable conditions in internal control were disclosed by the audit of the financial statements: **none**
- (c) Material weakness in internal control was disclosed by the audit of the financial statements: **none**
- (d) Noncompliance which is material to the financial statements: **none**
- (e) Reportable conditions in internal control over major programs: **yes, finding 05-1**
- (f) Material weakness in internal control over major programs: **yes, finding 05-1**
- (g) The type of report issued on compliance for major programs: **qualified opinion on allowable activities/costs for Head Start: unqualified opinion over other applicable compliance requirements for Head Start and all applicable compliance requirements for all other major programs**
- (h) Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: **yes**
- (i) Major programs: **Community Development Block Grant – Entitlement Grants (CFDA Number 14.218), Title I (CFDA Number 84.010), Child Care Cluster (CFDA Numbers 93.575 and 93.596), Head Start (CFDA Number 93.600) and Public Assistance Grants (CFDA Number 97.036)**
- (j) Dollar threshold used to distinguish between Type A and Type B programs: **\$1,277,145**
- (k) Auditee qualified as low-risk auditee under section 530 of OMB Circular A-133: **yes**

(2) Finding Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None

(3) Findings and Questioned Costs Relating to Federal Awards

05-1 Allowable Costs - Time Certifications

Program – Head Start – CFDA Number 93.600 – Department of Health and Human Services – Federal Award Number 03CH2737/36 and Child Care Cluster – CFDA Numbers 93.575 and 93.596 – Department of Health and Human Services – Department of Social Services – Federal Award Numbers 0770105 and 0760105

Condition – Personnel costs for employees charged these programs are not based on certifications of time spent working on the program or certifications were not done timely.

Criteria – Per OMB Circular A-87, Attachment B:

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- Where employees work solely on a single Federal award, charges for their salaries and wages must be supported by periodic certifications that the employees worked solely on that program for the period covered by certification. These certifications must be prepared at least semi-annually and must be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.
- Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages must be supported by personnel activity reports or equivalent documentation, unless a statistical sampling system or other substitute system has been approved by the cognizant agency. The personnel activity reports must reflect an after-the-fact distribution of the actual activity of each employee, account for the total activity for which each employee is compensated, be prepared at least monthly and must coincide with one or more pay periods, and be signed by the employee. Substitute systems may include, but are not limited to, random moment sampling, case counts, or other quantifiable measures of employee effort.

Effect – Non-compliance with OMB Circular A-87 may result in reduced funding for these programs.

Questioned Cost – Certifications of time were not prepared for personnel working solely on the Head Start grant and these costs approximated \$1.2 million; however we were unable to determine a questioned cost.

Certifications of time were not prepared for personnel working solely on the Child Care cluster and these costs approximated \$237,000; however we are unable to determine a questioned cost.

Random moment sampling is utilized for the Child Care cluster for personnel working on multiple activities. Three of forty random moment sampling forms were not signed by the supervisor on a timely basis. Costs for these personnel charged to the Child Care cluster approximated \$197,000; however we are unable to determine a questioned cost.

Recommendation – The County should require employees to perform certifications of time charged to the program as required by OMB Circular A-87 and complete the certifications on a timely basis.

Views of Management

- Contact Person Responsible for Corrective Action –

Child Care Cluster – Sarah Snead, Social Services Director
Head Start – Pamela K. Blackburn, Head Start Director

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- Corrective Action Plan –

We are in agreement that the certifications for the Child Care Cluster were not performed in accordance with OMB A-87. Upon realizing our error, we developed certification forms and a semi-annual schedule for obtaining the needed signatures.

Head Start – The Head Start program will take corrective action to implement the time certification semi-annually as required.

- Anticipated Completion Date –

Child Care Cluster – We implemented the procedures October 24, 2005; we will repeat the process April 30, 2006.

Head Start – We will implement corrective action starting January 1, 2006.

05-2 Allowable Costs – Non-personnel

Program – Child Care Cluster – CFDA Numbers 93.575 and 93.596 – Department of Health and Human Services – Department of Social Services – Federal Award Numbers 0770105 and 0760105

Condition – For three of thirty cases reviewed, the County did not pay the correct amount to the vendors for child care services.

Criteria – Child care payments should agree to the approved supporting documentation for child care services provided.

Effect – Non-compliance with reporting requirements may result in the required return of a portion of the funding received for this program.

Questioned Cost – Known questioned costs total \$279 and extrapolated questioned costs total approximately \$36,000.

Recommendation – We recommend that the County emphasize policies and procedures to ensure that payments are supported by documentation of services rendered.

Views of Management

- Contact Person Responsible for Corrective Action –

Sarah Snead, Social Services Director

- Corrective Action Plan –

In October 2005, we conducted five provider training sessions to explain the expectations of providers, review the provider agreements and detail procedures necessary to request services and payments. The sessions were led by members of the daycare and fiscal teams. Additionally, we identified enhancements to our

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automated payment system to further ensure the elimination of duplicate payments. The system now matches payments by case number, child member and month of service. The enhancements to the automated system were implemented in October 2005.

- Anticipated Completion Date –

Corrective actions were implemented October 2005.